



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

**Tenth Board Meeting
Geneva, 21-22 April 2005**

GF/B10/2

REPORT OF THE NINTH BOARD MEETING

Outline: This document presents the draft Report of the Ninth Board Meeting and includes all decisions made at that meeting. The Report of the Ninth Board is subject to ratification by the Board of the Global Fund at their Tenth Board Meeting on 21-22 April 2005 in Geneva, Switzerland.

Accompanying documentation from the Ninth Board Meeting is available at www.theglobalfund.org or by writing to board@theglobalfund.org.

Decision points are clearly indicated.

Decision Point:

1. The Board approves the Report of the Ninth Board Meeting.

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Agenda Item 1: Introduction and Welcome

1. The Chair, Secretary Tommy Thompson, called the meeting to order and thanked the Secretariat and the Executive Director for its work since the last Board meeting and for organizing the Ninth Board Meeting in Tanzania. He noted the significant responsibility entrusted to Board members as stewards of the Global Fund and the serious decisions to be made during the two-day meeting. He requested that delegates be committed, realistic and judicious, and he asked that everyone be on time due to the challenging agenda. The Chair then announced that based on the 2004 contributions of other donors through September 30, the US had been able to increase its 2004 contribution to US\$ 460 million.
2. The Vice Chair, Dr H el ene Rossert-Blavier welcomed delegates to the meeting and spoke about her visits to several recipient countries in Africa and Asia since the previous Board meeting. She reflected on Global Fund support to programs fighting the three diseases, the encouraging results to date and the value gained from engaging political leaders on effective programming for vulnerable populations.
3. The Vice Chair also spoke about the Global Fund's First Biennial Partnership Forum as an important milestone involving a wide range of stakeholders and emphasized the Board's responsibility to respond to the issues brought to its attention by the Forum. She noted that one of these issues, the lack of important Secretariat communications available in languages other than English, were leading to delays in some countries and a sense of alienation from the Secretariat. She also expressed concern about the low participation of technical partners and the negative impact on implementation in recipient countries.
4. The Vice Chair then thanked the Secretariat, the Executive Director, and the Chair and his assistant Margaret Grebe for their support and hard work. She closed by reminding delegates that decisions such as when to launch Round 5 would have far-reaching effects on millions and urging the Board to be courageous in its deliberations.

Agenda Item 2: Appointment of Rapporteur, Approval of the Agenda, Approval of the Report of the Eighth Board Meeting

1. The Chair proposed Lucia Fiori of the Italian delegation as the Rapporteur for the Ninth Board Meeting. This proposal was unanimously accepted.
2. The proposed agenda for the Ninth Board Meeting was unanimously approved without comment.
3. The report of the Eighth Board Meeting was unanimously approved without comment.

Decision Points:

1. Ms. Lucia Fiori from the Italian Constituency is designated as Rapporteur for the Ninth Board Meeting.
2. The agenda for the Ninth Board Meeting is approved.
3. The report of the Eighth Board Meeting is approved.

Agenda Item 3: Report of the Executive Director

1. The Chair gave the floor to Professor Richard Feachem to present the Report of the Executive Director, which had been distributed to all delegations prior to the meeting.

2. The Executive Director thanked the governments and their ministries and the NGOs in Kenya, Rwanda and Tanzania for hosting highly successful site visits, and he thanked the Chair and Vice Chair for their time and commitment since the last Board meeting. He referred to his recent visits to eight recipient countries and the productive meetings he held with various stakeholders there. He then announced that he had just received a letter from the Swiss government giving its approval for the Headquarters Agreement, which would give the Global Fund the privileges and immunities of an intergovernmental organization. He indicated that a meeting to sign the agreement would be convened in Bern in December, and he thanked the Swiss authorities.

3. Rather than summarizing his report, which everyone had seen, the Executive Director said he would provide some context for the discussions to follow. He spoke of the formative days of the Global Fund and the vision held by leaders and communities around the world and by the pre-Board Transitional Working Group, which led to the rapid formation of the Fund, the building of its systems and the success of its work to date. He noted the value of learning from experience and continuing to ask big, forward-looking questions and the need for a common vision of the Fund to inform discussion and decision-making. He then invited comments and questions on his report.

4. The Point Seven delegate thanked the Executive Director for a good, comprehensive report and agreed that the Board must be strategic in looking to the future. He noted that strengthening donor harmonization would be particularly welcome by his delegation and that the Global Fund must be seen as one of many actors in the broader context of the development agenda. He made a strong plea for a coordinated response to the diseases and the achievement of the Millennium Development Goals. The Point Seven delegate also noted that there was no update on the ongoing review of the LFA system included in the report. He expressed concern that a draft report on the LFA review had reached the media before Board members had seen it. He requested information on the status of work on the LFA review to be presented to the Board and that the Board be kept up-to-date in future.

5. The Canadian delegate agreed with the Point Seven delegate's statements on the need for donor harmonization and was pleased with the emphasis on results. He wondered about the implications of some grant agreements having been signed in the past without proper indicators. He then asked for even stronger emphasis on measuring results in greater detail, including a standard set of core indicators for review at all Board meetings.

6. The Communities delegate thanked the Secretariat for all it had accomplished since the last Board meeting, including improvements on core indicators for Operations. She noted with concern that while 60% of Secretariat staff were women, only 28% of staff at or above the P5 level were women. She said that her delegation encouraged the Secretariat to go beyond nominal inclusion of women in senior management positions and to look for a balance among staff representing different regions and those affected by the three diseases. In particular, she challenged the Secretariat to address issues concerning the attraction and retention of staff living with HIV.

7. The French delegate thanked the Executive Director for his report and his thoughts on past and future work. He said that he would like to hear more about the early warning system. He noted that not many organizations had ever attained the level of success of the Global Fund in such a short period of time and felt that these successes should be promoted by the Chair and Executive Director. He expressed his delegation's support for the focus on

a vision for the future and encouraged the Board to show a new level of commitment, to be more ambitious and to scale up their efforts in the fight against the three diseases.

8. The French delegate then voiced his support for the search for new financing methods for the Global Fund and mentioned in particular the International Financing Facility, an international tax to fund global health initiatives and the 2005 Replenishment Conferences. He also observed the importance of increased public-private cooperation and good governance for the success of programs to fight the diseases and noted the uniqueness of the Global Fund's Board in having an NGO representative as its Vice Chair.

9. The US delegate thanked the Secretariat for all it had accomplished over the past year and echoed Canada's call for performance indicators. He encouraged further discussion on how to accelerate disbursements to the sub-recipient level. He also asked for more information on the "memorandum account" set up with the Trustee to improve procurement of ACT drugs for malaria treatment.

10. The Eastern European delegate praised the Secretariat for the high quality of its work under the leadership of Professor Richard Feachem and supported previous remarks on the importance of harmonization. She asked how many of the staff came from Eastern Europe, since the regional breakdown combined staff from Western and Eastern Europe.

11. The delegate from the European Commission extended her congratulations to the staff and Executive Director of the Secretariat and to the Chair and Vice Chair. She said that the best resource mobilization strategy was to show results and that everyone must improve their efforts in this area, including partner organizations and recipient countries. She said she would like to see more emphasis on the fact that the Global Fund is a partnership and that everyone has a responsibility to support it. She also said that measurement of partners' contributions was needed.

12. The delegate from the European Commission asked why malaria reprogramming for past grants needed Round 5 money. She also commented on bottlenecks due to procurement and lack of technical assistance, and called for improved cooperation from partners. She noted that during the following week, all Ministers of Foreign Affairs and Development in Europe would be meeting to discuss global efforts on the three diseases and the Global Fund, and to prepare for the first Replenishment Conference in March.

13. The delegate from Southeast Asia thanked the Secretariat and the Executive Director, saying that the Fund's global credibility was growing. He emphasized that grant-making should take into account the populations of countries and that application, procurement and monitoring systems needed to be harmonized. He also emphasized the importance of strengthening CCMs.

14. The delegate representing Developing Country NGOs thanked the Chair and Vice Chair for their leadership, the Executive Director for his report, the Board Relations Manager and her staff for the meeting preparations, and the Fund Portfolio Managers for a difficult job. She indicated that her delegation would like to see a unified vision in the training of Secretariat members as they had heard complaints from recipient countries regarding a lack of clear information, which in turn affected implementation. She also said that not having documents translated from English was a problem for recipients and that she supported the Canadian delegate's request for indicators.

15. The delegate from Japan emphasized the importance of coordinated global efforts to collect data and the need for the Global Fund to work with partners to measure effectiveness. He also expressed concern about disbursement bottlenecks within recipient countries. The delegate representing the Western Pacific region talked about some of the challenges unique to his region due to remote locations.

16. The Executive Director thanked everyone for their comments and said he would respond selectively to questions due to time constraints. He indicated that the internal review of Global Fund procedures and the in-country inquiry on LFA work in the form of 13 case studies were complete and that analysis of the data was ongoing. A report containing the findings of the review and including the Secretariat's response would be circulated in December. Comprehensive revision of contractual arrangement between the Secretariat and LFAs was ongoing.

17. The Executive Director said that a process to retrofit grants signed without process and coverage indicators had largely been completed. He said that the Monitoring and Evaluation Toolkit with its sets of standard indicators was now in broad circulation and use, and that the Secretariat was working with Principal Recipients to ensure that solid indicators were incorporated into agreements. He added that this would be a major focus of his next Board report in April.

18. The Executive Director said that the Secretariat took the importance of diversity in its staff – in terms of gender, region, nation, HIV status – very seriously and that diversity indicators had been established. He acknowledged that the number of staff from Eastern Europe was not adequate, and he committed to increasing them.

19. Regarding the Early Warning System, he noted that its main function was to identify problems at the earliest possible time, enabling the Secretariat to respond by working with partners such as WHO and UNAIDS on solutions. He observed that the Secretariat was building stronger collaborations in this area and that Roll Back Malaria, Stop TB, 3X5 and UNAIDS were critical for flagging problems on the ground early on.

20. He thanked France for suggesting and promoting the idea of a replenishment mechanism, Sweden for offering to host the first conference in March 2005 and the UK for offering to host the second conference in the UK in early September.

21. Regarding CCMs, the Executive Director said that in all of his recipient country visits, he had met with CCMs and often found these to be the most informative parts of his trips. He was impressed by the self-reform of numerous CCMs and noted that some are moving forward and showing significant ownership of the process.

22. The Executive Director said that the memorandum account would be discussed later in the meeting but that in brief, it was important to send a signal of large and predictable demand to producers of artemisinin-based combination therapy (ACT) for malaria because demand greatly exceeded supply. He said it was necessary to show producers that the aggregated financial demand represented by the Global Fund guaranteed increased production. He also said that the costs of moving to ACT for countries that already had grants for other malaria drugs such as SP and chloroquine exceeded the total funding available through current commitments in phase one and two and would therefore require more money. Round 5 would be important for funding this shortfall, he said.

23. The Executive Director agreed with the Japanese delegate on the importance of collecting data and said that the Global Fund would be working with recipients, the World Bank's MAP treatment program and the American PEPFAR initiative to ensure the right measurement systems are put in place to capture important information on drug resistance, compliance, side effects, etc. He also said that the Global Fund was working closely with Peter Piot and UNAIDS to ensure compatibility with the "Three Ones" in each country.

24. In terms of internal disbursement of money, he said that while some countries had a rapid flow of funds from PRs to sub-recipients, others were experiencing major bottlenecks and the Global Fund was working with partners, particularly those represented on CCMs, to

solve the problems. He noted that the selection of PRs was becoming a significant policy issue for CCMs and that in some cases, such as Zambia, having multiple PRs funneling money directly to implementing groups meant there were no delays. He said a meeting was planned in Zambia with six or seven representatives from various CCMs to look at best practices and improve decision-making in this area.

25. The Executive Director thanked the delegate from the Western Pacific region for drawing attention to the difficulties faced by small island nations, which are significant. He noted that there were successful examples of countries working together in the Caribbean and Western Pacific but that challenges remained, that these two groups should share their experiences on Principal Recipient selection and channeling funds, and that the Secretariat would work with them on these issues.

Agenda Item 4: Fund Portfolio Update

1. The Chair gave the floor to Dr ElHadj Sy, Director of Operational Partnerships and Country Support in the Secretariat, to present an update on Fund Portfolio management (available at www.theglobalfund.org/en/files/boardmeeting9).

2. Delegates thanked Dr Sy for his update and commented favorably on the evidence of an evolving learning process between the Secretariat and its partners. Concern was expressed by some delegates on procurement bottlenecks and the need for increased involvement by partners to assist countries in developing functional national systems. A question was asked regarding grant applications for Round 4 that had come from outside the CCM process. Concern was also expressed about the length of time sometimes taken for TRP responses to requested clarifications, and communications between the Secretariat and recipients on the status of pending grant agreements during LFA verifications, which are also sometimes delayed.

3. The Director said that a number of collaborative discussions and activities were underway to facilitate procurement, including third-party procurement agents in some countries, World Bank-led procurement workshops and the examination of bulk purchasing options for economies of scale. He said that due diligence had been pursued on all non-CCM proposals received for Round 4, including speaking with the applicants, which were largely NGOs, and the CCMs of their originating countries. After investigating the contexts for the non-CCM proposals, all were disqualified. Finally, he acknowledged that having clearly communicated timelines in the grant process for all involved was very important. He also spoke about the necessity of the assessment process, which, while sometimes lengthy, enabled grants to be signed and implemented immediately.

Agenda Item 5: Replenishment Leadership

1. The Chair introduced the agenda item on the Replenishment Mechanism leadership nomination, stating that the decision point presented for approval had been discussed and recommended by the Resource Mobilization and Communications Committee.

2. The Chair introduced Sven Sandström who thanked the Board for nominating him as Vice Chair of the Replenishment Mechanism. Mr Sandström noted that there was strong support from Board members for the Replenishment Mechanism. The Chair thanked Mr Sandström for accepting the nomination.

3. Dr Peter Piot, Executive Director of UNAIDS, was given the floor to read a statement by the Secretary General. In it, he thanked the Board for his nomination as Chair of the Replenishment Mechanism and expressed his regrets for not being present. He reaffirmed his personal engagement to the Replenishment Mechanism and stated that Dr Piot would support him in this process. The Chair expressed his gratitude to the Secretary-General.

Decision Point:

1. The Board approves the nomination of Mr Kofi Annan, Secretary-General of the United Nations, as Chair and Mr Sven Sandström as Vice Chair of the Voluntary Replenishment Mechanism of the Global Fund. The Board expresses its appreciation to both Mr Annan and Mr Sandström for their commitment and willingness to undertake this important task.

Agenda Item 6: Partnership Forum Report

1. The Chair thanked the Partnership Forum Steering Committee and its Chair Dr Helene Gayle for the success achieved by the Forum. The Chair gave the floor to Dr Gayle to present the Steering Committee Report on the Partnership.

2. Dr Gayle took the opportunity to thank the entire Board, the staff at the Secretariat and the Chair and Vice Chair for the excellent work done to date. She gave an overview of the Partnership Forum, noting that the Forum was an extraordinary instrument and unprecedented among international organizations.

3. All delegates thanked the Steering Committee and its Chair for the excellent work, a successful Forum and a high-quality report. The delegates called for internal mechanisms and potentially a committee to follow up on the issues raised by the Forum and outlined in the report.

4. Delegates expressed concern about the low participation of governments and private sector in the Forum. It was noted that the recommendations were important feedback to continuing dialogue with the Board members and that the issues raised were key. The Board expressed the desire to see outcomes from the recommendations.

5. Delegates noted the lack of availability of all documents in languages other than English was an issue which prevented broader participation.

6. It was suggested that the next Forum be organized at the same time as a Board meeting in order to ensure additional government and Board participation.

7. Delegates stressed that issues raised in the Forum should be integrated into the appropriate Committee mechanisms and recommended the inclusion of non-CCM members at the Partnership Forum, noting also that regional meetings were very important to ensure appropriate discussion on micro-level issues.

8. Dr Gayle clarified that by accepting the report, all recommendations therein would be pursued, considered by the appropriate Committees and reported on to the Board.

Decision Point 1:

The Board accepts the report of the Partnership Forum and extends its appreciation to the many participants.

Decision Point 2

The Board takes note of the lessons learned as presented by the Partnership Forum Steering Committee, retires it from service and requests that the Chair designate a standing committee of the Board to take on oversight of the Partnership Forum process and event.

There are no material budgetary implications for decision points 1-2.

Agenda Item 7: Country Coordinating Mechanisms, MOUs and Ethics

1. The Chair gave the floor to Mr Pasqualino Procacci, Chair of the Governance and Partnerships Committee (GPC) to present the Committee's report. The GPC Chair explained that the Committee had reviewed the recommendations of the Partnership Forum concerning CCMs and, in particular, taken into account Global Fund principles to safeguard transparency and oversight during implementation and to strengthen the equal participation of relevant partners.
2. Several delegates supported the recommendations as minimal requirements noting the need for standards and indicators for CCMs. It was noted that these should not be seen as prescriptions but rather as principles for all CCMs. There was a request to UNAIDS to make an extra effort at the country level to bring together partners and to take the lead in making the "Three Ones" work at that level.
3. It was mentioned that CCMs would not be able to implement these new requirements in time for Round 5 and therefore a request for more time for countries to implement the necessary changes was put forward.
4. The recommendations were welcomed as being supportive of community involvement in CCMs and it was suggested that all CCMs be required to show evidence of membership of more than one person living with or affected by the diseases.
5. In emphasizing the importance of CCMs and the need to guarantee minimum standards, some members noted that the Global Fund should also support the running costs of CCMs, which should not be governmental structures but rather independent organizations, representing both public and private partners.
6. Some delegates, while supporting the principle of greater representation of affected communities on CCMs, noted that some countries needed more time to develop trust and partnerships with the various stakeholders. The importance of ensuring that CCMs remain a manageable size was also noted.
7. It was recommended that the Secretariat collect information on the number of CCMs that already included more than one member from affected communities and provide this information to the GPC for consideration at the next Board meeting.
8. The delegate from UNAIDS stressed the importance of CCMs and said that his organization was already investing in improving CCM composition and quality at country level. He also emphasized that CCMs should not be transformed into an authority but should remain a mechanism.
9. A delegate expressed support for the proposals as submitted to the Board, noting that the CCM in its capacity to mobilize all actors involved in fighting the pandemics was the most important innovation of the Global Fund, that it was important to guarantee close

links between CCMs and national coordination plans, and that proposals made regarding support for CCM running costs need to be taken into account.

10. A delegate stressed that all CCM members should represent the highest possible levels of their organizations in order to increase the effectiveness and speed of discussions and decisions. The proposal to better define the oversight role of CCMs was endorsed. There was also a request to revise Part 19 of the CCM Guidelines to include language regarding the promotion of trust and partnership.
11. The delegate from the Private Sector asked for unanimous consent that the GPC investigate and make recommendations on the provision of direct financial support for the establishment and running costs of CCM Secretariats. Some discussion followed. The Executive Director clarified that if a proposal included a funding request for CCM running costs, it would not be approved.
12. The delegate representing Developing Country NGOs read the following statement for the meeting record:

Statement: *In compliance with our mandate to voice the needs of our broad constituency and in line with issues raised at the Partnership Forum, we would like to make a friendly statement to be recorded in the minutes of this meeting:*

1. *In decision point 1b, we would like to highlight the importance of not losing sight of the accumulated experience over so many years in the response to the HIV/AIDS epidemic, which constitute the social capital of countries. We mention this because we have reports that the pioneers in the AIDS response have been left out in some CCMs. Their inclusion would only contribute to an efficient scale-up of the response.*
2. *Regarding decision point 2 and based on issues of basic democratic principles and transparency, we consider that there should be a clear separation of roles between PR, CCM and sub-recipients and the inherent conflict of interest should be taken seriously.*

13. The decision points regarding the Roll Back Malaria MOU and the Ethics Committee were adopted without comment.

Decision Points: CCMs

Decision Point 1:

1. The Board adopts the following requirements for CCMs:
 - a. All CCMs are required to show evidence of membership of people living with and/or affected by the diseases;
 - b. CCM members representing the non-government sectors must be selected by their own sector(s) based on a documented, transparent process, developed within each sector;
 - c. CCMs are required to put in place and maintain a transparent, documented process to:
 - i. Solicit and review submissions for possible integration into the proposal;
 - ii. Nominate the Principal Recipient(s) and oversee program implementation;

- iii. Ensure the input of a broad range of stakeholders, including CCM members and non-members, in the proposal development and grant oversight process.

This decision will be effective from Round 5 onwards and for Phase 2 renewals starting from June 2005.

Decision Point 2:

1. The Board agrees to make the following word substitution in the CCM Guidelines:

When the PRs and Chair or Vice Chairs of the CCM are the same entity, the CCM must have a written plan in place to mitigate this inherent conflict of interest.

Decision Point 3:

1. The Board requests the Governance and Partnerships Committee to further define the oversight role of CCMs in the implementation of Global Fund programs.

Decision Point 4:

1. The Board requests the Governance and Partnership Committee to review the text of paragraph 19 of the Revised Guidelines on Purpose, Structure and Composition of the Country Coordinating Mechanism to build in text that promotes trust and partnership.

Decision Point 5:

1. The Board requests the Governance and Partnership Committee to investigate the Global Fund providing direct financial support for the establishment and running costs of CCM Secretariats.

There are no material budgetary implications of decisions points 1-5.

Decision Point: Memorandum of Understanding

1. The Board approves the Memorandum of Understanding with Roll Back Malaria (Report of the Governance and Partnership Committee, GF/B9/7, Annex 3), and requests the Secretariat to provide periodic reports on cooperation between the Fund and RBM under the agreements.

There are no material budgetary implications for this decisions point.

Decision Point: Ethics Committee

1. The Board amends the Committee Rules and Procedures, para 1.2.3 to read as follows:

The Ethics Committee may conduct business only when three or more members and the Chair are present.

There are no material budgetary implications for this decisions point.

Agenda Item 8: Resource Forecast for 2005

1. The Chair thanked delegates for their work during the morning and called upon Chief Financial Officer (CFO) Barry Greene to report on the Resource Forecast for 2005. The CFO delivered his report and the Chair thanked him and started the questions by asking about the fiscal responsibility of accepting a 1 % interest rate on the Global Fund investment with the Trustee.
2. The delegate representing the Trustee emphasized that the World Bank provides one of the key attributes of a Trustee: a solid and trustworthy reputation. She expressed confidence that any issues with the Trustee could be resolved. The Chair emphasized his unhappiness with the cost of management and the return on investment of Global Fund assets.
3. A delegate suggested the interest rate picture was better than it appeared with banks currently giving each other at least 2 % for similar investment, and he recommended asking the Secretariat to look at a higher interest rate environment.
4. Questions were raised concerning the US\$ 115 million decline from the Secretariat's October forecast in the shifting of expenses from 2005 to 2006. A request was put forth for confirmation that the forecast income was based on the assumption that pledges for 2005 would increase over the course of the year and that confirmed contributions for 2004 as listed included the US contribution as announced that morning. The CFO replied that the decline resulted from improved forecasting of the value of renewals in 2005, that experience would continue to improve forecasting in this area and that conservatively US\$ 1.3 billion worth of grants would come up for renewal in 2005. He explained that the figures showed that large numbers of PRs had opted for later start dates which would result in later renewal dates, shifting dollars from 2005 to 2006. He said the income forecast was based only on confirmed pledges, not estimated increases by the end of year, and that the US contribution in the forecast was \$460 million for 2005.
5. A delegate asked if the forecast included non-traditional sources of funds and whether the Global Fund was exploring other sources of funding such as debt relief. He noted that Nigeria paid US\$ 1.5 to 2 billion each year in debt repayments and that with the support of donor governments, this money could go to the Global Fund and other such organizations. The CFO replied that the forecast included only traditional sources of funding and only confirmed pledges, not estimated increases, but that the RMCC was exploring other options.
6. A delegate suggested pursuing pro bono advice on earning a better return on the investment of Global Fund resources. The Chair welcomed this suggestion. The delegate representing the Trustee said that the Trustee's report would cover investment alternatives.

Agenda Item 9: Round 5: Guidelines for Proposals and Call

1. The Chair invited the Chairs of the Portfolio Management and Procurement Committee (PMPC) and Resource Mobilization and Communications Committee (RMCC) to open the discussion about the Guidelines for Proposals and the Fifth Call for Proposals.
2. The Chair of the PMPC, Professor Francis Omaswa, informed Board members that following consultations with CCMs, the Secretariat, technical partners, and current and

former members of the TRP, the Committee had revised the guidelines for proposals in view of a possible Fifth Call for Proposals. The major changes proposed concerned Board decisions on eligibility criteria and CCMs, and on lessons learned – namely that the HIV/TB component be removed and instead, where appropriate, integrate HIV interventions in TB components and vice versa.

3. The Board agreed to table the decision item until a decision on Round 5 was made.
4. The Chair of the RMCC, Mr Stuart Flavell, presented his Committee report and thanked the RMCC for their hard work. He explained that the Comprehensive Funding Policy defined Global Fund resource needs according to relatively conservative principles, raising concerns about large idle cash balances and the suggestion among some donors that the Global Fund's resource crisis is based on an administrative rather than a truly urgent need. This could have an impact on the success of the Replenishment Conferences in 2005.
5. Delegates reiterated an earlier offer to find partners for pro bono support on a study of options for the fiscal management structure of the Fund. The Chair and several Board members welcomed the offer while encouraging diversification among those who provide pro bono services to the Global Fund in order to avoid reliance on the same pool of consultants. It was noted that none of the potential firms identified for this task had worked for the Fund before.
6. Some delegates wondered why the Secretariat was being asked to perform this investigative work rather than the MEFA committee, and suggested that at the next Board meeting MEFA provide a review of the Comprehensive Funding Policy. The MEFA Chair, Dr Sigrun Møgedal, explained MEFA's concerns: choosing a risk profile, receiving advice from the World Bank as trustee, and achieving a wise balance between risk and interest earnings. She further commented that MEFA was new to some of the issues and that the use of pro bono consultants would help advance committee thinking.
7. The Executive Director clarified that the first Replenishment Conference would be held in Sweden in the second week of March, followed by a second conference in September. He said that in order to maximize the value of the Replenishment Mechanism, options on the Comprehensive Funding Policy needed to be developed in advance. He agreed that this was a process that MEFA and the Board should drive with some urgency. He pointed out that he would be signing Phase Two agreements in 2005 based on the Comprehensive Funding Policy as it stands, meaning the full three years' worth of cash had to be in the bank before the agreement was signed, even with the knowledge that one-third of that money wouldn't be needed for at least two years. Delegates supported the need for MEFA to review other options with some urgency.
8. The RMCC Chair began discussion on the Fifth Call for Proposals, noting that in the past the Board had agreed to at least one round of proposals per year. Based on that mandate, the RMCC had agreed that a new round should be approved at the July Board meeting.
9. A delegate proposed launching Round 5 in April 2005 and approving it in November noting that this would give notice of an assured round in 2005 and give applicants time to prepare proposals and donors time to raise funds. Another delegate suggested that the call go out after the first Replenishment Conference with approvals to be made after the second conference – an approach which would allow the Secretariat to sign outstanding grants and overcome identified bottlenecks before existing grants moved to Phase 2. This would also allow for the revision of the proposal guidelines based on that morning's decisions.

10. Delegates reiterated the need for Round 5 to be approved in 2005 and said a commitment was needed by the Board to raise the funds necessary and that the Board should go on record with an urgent appeal to donors and potential donors to make pledges at the earliest possible time.
11. Several delegates proposed approving Round 5 at the Eleventh Board meeting in July 2005, if feasible, because early approval was important for NGOs and affected communities who were calling for rapid approval of a new Round. The Executive Director pointed out that it would not be possible to announce in April and approve in July given that proposal preparation time is three months and that the entire screening, review and approval process would take at least three months, therefore, proposals called for in April would require the approval to occur in August or early September. He suggested that an alternative would be to make the timing of the next round so widely known in advance that applicants would begin their preparations immediately.
12. A delegate emphasized that given the need for smooth grant negotiations which did not delay disbursements, more preparation time for countries and the Secretariat would be better. It was further argued that in the absence of a full picture of all resources available for 2005, proposals might be rejected due to a lack of money.
13. Some delegates proposed launching Round 5 right away at the Ninth Board meeting in Arusha, then having the call for proposals at a slightly later date while approving guidelines now. This was rejected, by one delegate, due to the lack of clarity on resources; however several delegates emphasized the importance of launching the Fifth Call for Proposals at a meeting in Africa, the hardest hit continent.
14. Delegates acknowledged that it was a difficult decision given that the Global Fund was created to provide an exceptional solution to an exceptional problem. Allowing that the rules for managing the funds may be overly conservative, it was argued that launching in Arusha would motivate resource mobilization immediately, and that not launching would result in a potential funding decline.
15. The delegates were split between launching immediately but not approving until November 2005, which would drive a large round; launching in April and approving in November 2005; and launching immediately and approving in July. It was argued that the Fund needed to move faster and do the maximum possible in the shortest amount of time. A suggestion was put forth that, given the importance for consensus on the Board, the Chair appoint a small group of people to convene to find a solution acceptable to all.
16. Another suggestion was made to launch Round 5a in Arusha limited to countries who had never received funding from the Global Fund or not since Round 1, and then to launch Round 5b in April. It was suggested that the November Board meeting was not fixed and could potentially be moved to earlier in the year. After a vote, which did not result in consensus, the Chair called for a short break.
17. The meeting resumed with a new proposal to launch Round 5 immediately and approve in September 2005 at the Eleventh Board meeting (previously scheduled for July 2005). This was approved unanimously and with satisfaction at reaching consensus on a difficult issue. The Chair thanked the members for their hard work and willingness to compromise.
18. The Executive Director clarified the impact of the decision on the calendar: The week of September 5 was likely to contain the second Replenishment Conference in the UK. The following week was the UNGASS session on the MDGs. The Board meeting would therefore have to take place the week of September 19 or 26, and there would need to be discussion on whether or not to hold another Board meeting later in 2005.

Decision Point: Comprehensive Funding Policy

1. The Board requests the Secretariat, in consultation with the MEFA Committee, the Chair and Vice-Chair of the Replenishment Mechanism, and the Chair and Vice-Chair of the Board, to commission a background study of the options and choices available to the Global Fund in its fiscal management structure and processes and to report back at the Tenth Board meeting in April 2005.

There are no material budgetary implications for this decision point as it is anticipated that this study can be done on a pro bono basis.

Decision Point: Round 5

1. The Board decided to launch Round 5 immediately.
2. The draft of the Guidelines for Proposals, as approved by the PMPC after the Ninth Board meeting, will be released on January 30, 2005.
3. The Fifth Call for Proposal and finalized Guidelines for Proposals will be issued immediately following the Replenishment Conference in March 2005. A forecast of the resources available for the Round will be announced at the time that the Call for Proposals is issued. The Board is mindful that such a Call must be consistent with resources forecast to be available at the end of 2005.
4. Round 5 proposals will be approved at the Eleventh Board Meeting in September 2005, following the second Replenishment Conference.
5. The Board will make an urgent appeal to donors and potential donors that have not made their pledges for 2004 and 2005 and onward to make such pledges at the earliest possible opportunity.

The budgetary implications are in the amount of US\$ 4.5 million for the 2005 budget. US\$ 3.2 million for LFA fees in 2005 and US\$ 1.3 million of the Secretariat and TRP costs, pending confirmation at the April Board Meeting.

Agenda Item 10: Committee Review Report

1. The Chair reminded members that at the Seventh Board meeting in March, they had commissioned a study of the internal structures of the Global Fund. He introduced consultants John Larkin and Charlie Beever of Booz-Allen to present their findings.
2. The consultants presented the Board Committee Study, the Executive Summary having been circulated previously to Board members along with the final report. The study resulted in four products: 1) an assessment of current committee structure, 2) options for improved efficiency and effectiveness, 3) recommendations, and 4) cost analysis of the recommendations. They recommended grouping committees according to their "family" of mandates:
 - A Strategy & Policy Committee would cover procurement and supply strategy, partnerships, future financing mechanisms and associated communications strategy, M&E at a global level (as opposed to project level) and grant performance as a means to change future policy;

- A Portfolio Management committee would review guidelines and appeals, grant management policies and grant performance monitoring;
 - A Finance & Audit committee would cover budget oversight, financial oversight and projections of resource needs.
 - The Ethics Committee would remain as a small standing committee.
3. The Chair thanked the consultants for their work.
 4. Delegates expressed appreciation for the extensive study and recommendations but wondered why there was no use of working groups or an executive committee. The consultants explained that these concepts had been considered but that they had found little appetite for an executive committee which could run the risk of compromising transparency and constituency representation. A suggestion was made to keep committees as they are until the next Board meeting, allowing time for committee planning and ownership of new processes.
 5. A delegate observed that the specialized knowledge needed by some committees would require careful consideration of committee membership and that any movement from five to three committees should be undertaken by consensus including the determination of size of the new committees.
 6. The consultants said that committees did not require deep technical expertise but rather the skills of a broadly educated executive. They also noted that an effective committee could be run by a strong chair, even if it had 22 members and that it could be equally effective if it were as small as 12.
 7. A delegate congratulated Booz Allen on the work, saying it promoted greater efficiency. All Board members were encouraged to read through the entire report. It was observed that an executive committee would create an exclusive clique with greater powers than the rest and that this should be avoided. A recommendation was put forth to convene a special committee to decide how to roll out the changes keeping in mind the importance of maintaining the momentum created by report.
 8. Several delegates agreed that acting on the recommendations right away was important and suggested that the special committee be comprised of the chairs and vice chairs of existing committees. It was noted that such a committee would need a strong chair and whip to move things forward.
 9. A delegate supported streamlining committee activities to reduce the number of times Board members were required to travel to Geneva. Noting support for a lean secretariat while not overburdening it, the Executive Director was asked for his response to the paper.
 10. The Executive Director said that the Secretariat welcomed the report and thought that the proposed committee structure was a sensible one that should be implemented as quickly as possible through an appropriate process. He noted that the report's process recommendations were as important as the structural recommendations and that beyond the actual committees and their terms of reference, the report had very useful recommendations about how committees do their work.
 11. Most delegates agreed that moving forward on the recommendations was important. It was suggested that an Operations Committee rather than a Portfolio Management Committee be formed to address macro-level issues. Noting that there would be a transition period needed for such a big structural change, the idea of a "blue ribbon" committee of chairs and vice chairs to form an implementation plan was supported. It was suggested that this implementation group be open-ended so that constituencies

with particular interest in certain issues could register their interest and participate in the discussion. It was cautioned that due to recent and ongoing changes in the Global Fund, more might need to be done than indicated in the report.

12. The Chair made a public apology to the delegate of the World Bank for his harsh words earlier, and this was accepted by the delegate. She indicated that her delegation was pleased with the report and found it useful. She supported having a separate Finance and Audit Committee, which should encompass all financial risk assessment and related issues. She said that selection criteria should be made clear for committee membership and noted that procurement issues belonged with Portfolio Management rather than with Strategy.
13. The delegate from WHO spoke in favor of committee consolidation and re-profiling, stating that these changes could improve committees' ability to offer technical advice to the Board. He offered WHO's participation in the committee creating the new architecture.
14. A delegate said he was struck by the comment that technical expertise was not necessarily needed on committees, as this was not consistent with the report on expertise, and further concern was expressed about Recommendation 3 regarding committee representation and Recommendation 15 regarding dispute resolution within committees, observing that if dispute resulted in providing minority and majority reports to the Board, that this provided a flavor of the debate, which was desirable.
15. The consultants said they had not intended to say that technical expertise was not desirable or needed. Regarding having one higher level, named person from a delegation as a representative on a committee, they felt that leaving "wobble room" for two or three people instead of one inevitably led to constant change of representation. Regarding Recommendation 15, they explained that it was not their intention to require committees to go with a majority response, but it had become apparent that committees did not have a way forward in situations of gridlock. They agreed that consensus was preferable if it could be reached.
16. The Chair recommended that Brian Brink of the Private Sector chair the special committee, that the committee report back to the Board in April 2005 and that anyone with particular interest in an issue would have open access to the committee for input.

Decision Point 1:

1. The Board adopts in principle the changes in the committee structure outlined in the Booz Allen Hamilton study (GF/B9/6).
2. The Board decides to establish an implementation committee composed of the Chairs of each of the six current Committees, and chaired by Brian Brink of the Private Sector.
3. This committee will report back to the Tenth Board Meeting in April 2005.
4. All Board constituencies will have open access to the proceedings of the implementation committee.

Agenda Item 11: Round 5 Guidelines; Phase 2 Funding

1. The Chair welcomed the Board to the second day of its meeting, thanked members for its work of the previous day and gave the floor to the Executive Director, who spoke briefly about a short film that had been distributed to all Board members in DVD format.

He then invited the delegate from France to talk about the French Global Fund stamp. The delegate from France introduced the new stamp issued by the French Postal Service in support of the Global Fund, and he thanked Jérôme Baconin whose idea resulted in the stamp's production.

2. The Chair then gave the floor to PMPC Chair, Professor Frances Omaswa who proposed that the committee continue its work on the Round 5 guidelines with all Board members welcome to participate and contribute, given that it was a controversial item.
3. Delegates thanked the Chair for the previous day's work, which had enabled the group to reach consensus on Round 5. Concern was voiced that the new guidelines would exclude a large number of countries because of the requirement that all HIV/AIDS proposals include a component on TB and also because of the requirement that proposals demonstrate a certain level of disease burden. The Committee Chair clarified that this was not the case and that a TB element was only required when appropriate or relevant to the disease burden of the country.
4. A delegate emphasized the importance of speeding up the procedure so that the guidelines could be made available to recipient countries in a timely fashion.
5. The Executive Director clarified that the work of PMPC had advanced substantially based on comments from the TRP and other stakeholders and agreed that it would be helpful if the guidelines could be completed before the end of January in order to proceed with the timetable for Round 5. He then clarified that lower middle-income countries remained eligible for grant funding and that only upper middle-income countries were limited based on their burden of disease.
6. The motion was passed to send the guidelines back to the Committee for further development wherein the revised guidelines would be approved by email towards the latter part of January. The Chair requested that the Committee look again at the question of eligibility criteria, but noted that should no consensus be reached in Committee on revisions to the current eligibility criteria, the current criteria would apply for Round 5. The Chair gave the floor to the Chair of the MEFA Committee, Dr Sigrun Møgedal, who explained that before moving to a discussion of Phase 2 renewals, the Board would hear a brief progress report from Professor Rolf Korte, Chair of the Technical Evaluation and Review Group (TERG), which had commenced its work two months previously.
7. Professor Korte summarized TERG's mandate, which was to provide independent advice to the Board on performance measurement and to advise the Secretariat on evaluation approaches and practices, reporting procedures, etc. He gave an overview of the group's work to date and referred the Board to the report which had been circulated. In closing, he thanked his colleagues for their hard work.
8. The Chair of MEFA took the floor again to introduce Phase 2 decision-making, explaining that the Committee had received legal advice on funding decisions in order to revisit the question of delegation of these decisions to the Secretariat. In summary, MEFA recommended an approach wherein the Secretariat made the decisions for Phase 2 funding but with Board oversight for the period of one year, at which point the process would be reviewed.
9. A delegate asked whether, if there were no consensus at the Thirteenth Board Meeting in reviewing the process, the process would revert to the decision made at the Board meeting in March 2004. The MEFA Chair clarified that this was the intention.
10. Concern was expressed regarding the security of voting by email.

11. The Board's Vice Chair wondered whether the TRP could be questioned about individual proposals being recommended, given that they would arrive in packages of recommendations to be approved in their entirety rather than by individual proposal. The MEFA Chair clarified that this possibility was part of the procedure regarding questions on technical issues. The Vice Chair observed that this fact was not explicit in the decision point and requested a response from the TRP Chair.
12. The TRP Chair, Dr Jonathan Bloomberg, indicated that as he understood the procedures, the TRP would typically be brought in when there was a no-go decision in order to get a second opinion on technical issues and to answer questions.
13. Concern was expressed on the potential delays resulting from TRP review processes. A delegate asked about bridge funding to keep programs in place if procedures caused delays in approval of Phase 2 funding and also about an appeal process. A call for a clearer set of requirements for TRP involvement and procedural details was put forth.
14. The MEFA Chair explained that the operational procedures clarified the role of the TRP and that the TRP would have a role in reprogramming if a decision went back to the Board, though she noted that this was not part of the decision at hand. She acknowledged that security of email voting was an important consideration but pointed out that those who raise objections to approval are required to state the reasons for this objection, which would be posted on the website and publicly available so that the process was completely transparent. She confirmed that the question of bridge funding and an appeal process had both been identified by the Committee but said that while these had not yet been addressed, most programs applying for Phase 2 funding had not yet spent all their money when the decision-making process was taking place.
15. Delegates expressed support for a well-balanced proposal which maintained the Board's oversight function and for a transparent decision-making process.
16. A delegate clarified that the concern around security was more about attribution of the comments, not that the substance of the concern was shared publicly. It was agreed that transparency was important but that a lack of security in the voting could be a source of concern.
17. The motion was passed unanimously, and the Chair thanked the Committee's Chair and members and the Board Vice Chair.

Decision Point: Round 5 Guidelines

1. The Board requests the PMPC to further revise the Guidelines for the Fifth Call for Proposals in time for the Board to approve the Guidelines for their release by the March 2005 Replenishment Conference.

There are no material budgetary implications of this decision.

Decision Points: Phase 2 Funding

Decision Point 1:

1. The Board revokes, until the Thirteenth Board Meeting, Decision 3 of Agenda Item 5 of the Seventh Board Meeting (reference GF/B8/2), and decides that Phase 2 decisions shall be made by the Board in accordance with the processes and subject to the policies set out in Annex 3 to Board Document GF/B9/8.

2. The Board approves, until the Thirteenth Board meeting, the amendments to the Bylaws and Board Operating Procedures set out in Annex 4 to Board Document GF/B9/8.
3. If at the Thirteenth Board Meeting, the Board does not decide to continue this procedure, Board Decision 3 of Agenda Item 5 of the Seventh Board Meeting (reference GF/B8/2) shall apply.

Budgetary implications for this decision point are estimated at US\$140,000.

Decision Point 2:

1. The Board approves, at the final Board Meeting of each year, a maximum amount for Phase 2 commitments during the next calendar year; and
2. The Board asks the Secretariat to report back to the Board at every Board Meeting on the Phase 2 decisions taken since the previous Board Meeting, including the cumulative amount approved to date in the current calendar year.

There are no material budgetary implications for this decision point.

Agenda Item 12: Report of the Ad Hoc Working Group on Technical Support

1. The Chair gave the floor to Board Vice Chair Dr H el ene Rossert-Blavier to present the report of the Ad Hoc Working Group on Technical Assistance.
2. The Vice Chair thanked the members of the committee as well as Secretariat staff members that had provided support. She reminded Board members that the Committee's mandate had been to assess the technical support needs of grants and make policy recommendations to facilitate the provision of technical assistance (TA) and capacity development for CCMs, PRs and sub-recipients, with the ultimate objective of improving the performance of Global Fund grants. The Vice Chair said the findings of the Working Group confirmed that the Secretariat should maintain its mandate to be strictly a financing mechanism, not an implementing organization. She said that follow-up work to the report should be about setting up systems for the effective coordination and provision of TA with partners.
3. The delegates thanked the Vice Chair for the Working Group's report and all emphasized the importance of keeping the issue of TA high on the agenda.
4. A delegate asked about the cost implications of increasing technical support. The Vice Chair responded that this should be planned and budgeted as part of the proposal and integrated into the grant.
5. A delegate observed that with the last round, her country's CCM had processed 105 proposals for potential integration into a single Global Fund proposal. It was noted that without having a working budget for a CCM Secretariat, it would be difficult to combine this workload with the additional need to identify and plan for TA needs up front. The need for greater technical expertise in CCM membership was emphasized.
6. The importance of looking to the private sector for in-kind support for in-country TA and for cash donations specifically aimed at supporting TA was noted.

7. A delegate agreed with the need for TA but disagreed with it as a requirement in grant proposals saying that the additional burden of developing a technical support plan should not be put on countries and that TA needs might only be identified later during implementation. The Vice Chair clarified that making it a requirement was not part of the decision.
8. Delegates indicated that they would like to see more emphasis on TA as a country-driven process rather than so much focus on the Secretariat and its partners. It was acknowledged that there had been a failure in the provision of TA and that everyone should accept some responsibility for this. Delegates expressed support for an early warning system as a "light touch" way to set up email groups for communicating on the issues, to mobilize non-CCM and technical partners in-country, and to pin down responsibility for the provision of support.
9. Some delegates cautioned against relying too heavily on LFAs as the first line in the early warning system because of their frequent lack of technical expertise.
10. In response to some of the queries, the Director for Operational Partnerships and Country Support, Dr ElHadj Sy, said that the early warning system had been developed taking into account existing tools as well as new opportunities with partners. He spoke about the internal grant management tool and the fact that information on implementation came to the Secretariat not only from LFAs but from multiple other sources, including CCM members and in-country stakeholders. He noted that Round 3 TB grants had been approved very quickly because of the work done by Stop TB to develop concrete TA plans. He also observed that a great diversity of expertise was needed, that the technical support base needed to be broadened and that a one-stop entry point to technical support providers would be desirable. Finally, he noted that TA partners should not wait for the Secretariat to sound the alarm but should also trigger the alert for problems they observed.
11. A delegate requested recognition of the fact that numerous bilaterals had given and would continue to give extra-budgetary funding to UNAIDS and WHO for TA to recipient countries.
12. Delegates hoped that TA coordination and promotion would be included as a key issue moving forward.
13. A delegate emphasized that developing country capacity is critical because TA should only occur so as to enable developing countries to manage their futures by building their own ability and expertise. One delegate observed that not all those who provide TA have that interest at heart, and he endorsed the need for TA throughout the life of a grant from proposal to completion.
14. The Vice Chair called for a vote and the motion was passed. The Chair thanked her for her excellent chairing.

Decision Point 1:

1. The Board recognizes the critical importance of technical support for the proposal development stage and throughout the lifecycle of the grant, particularly from partners in the country. The Board encourages CCMs to engage with providers of technical support during proposal development and throughout the lifecycle of a grant. The Board encourages providers of technical support to engage with CCMs, PRs and SRs to respond to their needs, in coordination with other national and international efforts. The Board also encourages providers of technical support to assist countries in developing their own capacity.

2. The Board also asks the Secretariat to clearly communicate to CCMs and PRs that technical support can be funded through the Global Fund grants. In addition, donors who provide resources to the Global Fund are encouraged to provide additional resources for technical support where gaps in available resources for technical support occur, in order to maximize the impact of the grants.

Decision Point 2:

1. The Board requests the Secretariat to develop communication strategies and processes to engage with appropriate partners (multi- and bilateral partners, international and national NGOs, south-south horizontal initiatives, private sector, academia) to facilitate the provision of technical support throughout the lifecycle of the grant (proposal development, grant negotiation, implementation, monitoring and evaluation) in a timely and coordinated manner.

Decision Point 3:

1. The Board recognizes the efforts of the Secretariat to develop an early warning system to identify technical support needs.

There are no material budgetary implications for decision points 1-3.

**Agenda Item 13: TRP (TB Experts and Length of Service);
Continuity of Services;
Reprogramming in Light of Scientific
Evidence;
Quality Assurance of Single- and Limited-
Source Pharmaceutical Products**

1. The Chair introduced the Chair of the Portfolio Management and Procurement Committee (PMPC), who called upon the Chair of the Technical Review Panel to explain the recommended changes to the composition of the TRP.
2. The TRP Chair explained that the recommendation concerned the replacement of TRP members who had completed their length of service. Two candidates, two alternates and one cross-cutting expert were being recommended.
3. One delegate intervened, noting the need for better geographical balance on the TRP. Another stated that there was a big gender gap and imbalance in diversity of TRP membership, and two delegates called for an increase in the number of TB experts. Motions were tabled and adopted.
4. Discussion then followed regarding continuity of services in the context of Phase 2 renewal decisions. One delegate expressed concern about the discussion because it concerned long-term sustainability of programs and an apparent lack of faith by some recipient countries that they could carry on long-term treatment programs financed by the Global Fund. The delegate requested guidance from the World Health Organization, whose delegate agreed to provide ethical guidance but noted that the questions were complex.

5. The Executive Director intervened to make two points: first, if a program had put large numbers of individuals on antiretroviral treatment, it was likely to be renewed as it would be performing. The question under discussion would more likely concern cases of small-scale treatment. Second, the question of sustainability of finance was crucial, and several Global Fund processes would be grappling with it in 2005.
6. One delegate stated that treatment programs should have priority for funding. Another delegate suggested that it would be important to increase the time period proposed for which an Extraordinary Request for Continued Funding could be made from one year to two years. Motions were tabled and adopted.
7. The Chair of PMPC then turned discussion to the quality assurance of single- and limited-source pharmaceutical products. The committee proposed that the transition period during which approval by national drug regulatory authorities is sufficient (instead of authorization by a stringent regulatory authority or approval under the WHO pre-qualification scheme) be extended from the current deadline (set at the Third Board meeting) of 1 January 2005 to 31 December 2005. An alternative decision point that would provide a one-year waiver to recipient countries in exceptional circumstances if they requested it before 31 December 2004 was presented.
8. A number of delegates expressed the position that the timeline for recipient countries to obtain the waiver was not realistic. Concern about the limited number of pre-qualified drugs for TB and malaria and the potential supply limitations for the latter was also expressed.
9. Some delegates stated that not enough information was available to make an informed decision and requested that the decision be delayed until April 2005 to give PMPC the opportunity to carry out further review, with an extension of existing rules until that time.
10. The WHO delegation committed to working with the Secretariat and PMPC to provide the necessary information, though it warned that the timeline was very tight to gather comprehensive information by the next PMPC meeting in March. The Executive Director intervened to state that the Global Fund Secretariat could not carry out information-gathering regarding quality assurance of pharmaceuticals because it did not have the staff resources or, as a financing mechanism, the mandate to do so.
11. One delegation suggested that no new patients begin treatment on non-prequalified and de-listed drugs. Another noted that its members had made their proposals based on generic drugs, stated that they could not stop treatment where it was already underway, although it agreed with concerns about quality assurance. Another delegate agreed and observed that it would be irresponsible to make a decision in the absence of adequate information on quality and supply.
12. The vote was called and adopted in favor of sending the decision back to PMPC for presentation again in April. The Executive Director intervened to request clarification on whether or not the decision was to be interpreted to mean that the deadline for recipient countries had been extended to the end of April 2005. The Chair confirmed that this was so, as stated by the delegate from the European Commission.
13. The Executive Director then expressed concern that a large amount of work was required before the next PMPC meeting. The European Commission emphasized that this was not the work of the Secretariat but rather, the work of partners, particularly WHO, who must accelerate the pre-qualification process. She committed the European Commission to providing technical assistance. The delegate from WHO observed that since a comprehensive data gathering exercise would require a year, the data priorities for PMPC decision-making needed to be identified.

14. The delegate formally moved that no new *patients* begin non-prequalified treatment, followed by an amendment that no new *programs*, as opposed to patients, begin using such treatment. Discussion included concern that developed countries with more choices for their own people were making treatment decisions for developing countries; that an immediate policy shift would result in fewer people receiving treatment; and that these decisions were being made as a direct result of the global failure to get cheap, effective treatment to those who needed it. Both motion and amendment were defeated.

Decision Points: TRP

Decision Point 1:

1. The Board approves the list of persons contained in Annex 3 of the Report of the Portfolio Management and Procurement Committee (GF/B9/9) who have been recommended by the Portfolio Management and Procurement Committee and the Executive Director to fill the vacancies on the Technical Review Panel.

Decision Point 2:

1. The Board approves the list of persons contained in Annex 4 that have been recommended by the PMPC and the Executive Director to comprise the TRP Support Group.

Decision Point 3:

1. The Board decides that the language used in its decisions for the approval of Category 2 proposals shall be modified to read as follows: "Recommended proposals provided adjustments and clarifications are met within a limited timeframe (the initial reply to TRP adjustments and clarifications should be received within 6 weeks of the applicant's receipt of the initial decision of the Board, and any further adjustments and clarifications should be completed within 4 months from the receipt of the initial reply from the applicant). The TRP Chair and/or Vice-Chair shall give final approval based on consultations with the primary and secondary reviewers."

There are no material budgetary implications for decision points 1-3.

Decision Points: Continuity of Services

Decision Point 1:

1. The Board adopts the following system for addressing continuity of services in the context of the Phase 2 renewal decision:
 - a. A recipient (typically a CCM) whose Request for Continued Funding is not approved may submit an Extraordinary Request for Continued Funding for Treatment.
 - b. The Extraordinary Request will be limited to expenses directly related to the continuation of treatment (including medicines [which, in the case of discontinuation of antiretroviral therapy, includes drugs for HIV-related opportunistic infections], diagnostics, and, as appropriate, costs for medical staff and other personnel directly involved in care of the patients on treatment) for those people already placed on life-long treatment under the existing proposal at the time of the Extraordinary Request.
 - c. The Extraordinary Request will be limited to the amount required to provide services directly related to the continuation of treatment for two years from the date of

submission of the Extraordinary Request, less the amount granted under the Phase 1 proposal not disbursed at the time of the Extraordinary Request.

- d. In addition to a budget, the Extraordinary Request shall contain a description of the steps that are being taken to find sustainable sources of financing for the people on treatment, and to ensure that treatment is being delivered effectively.
- e. The Secretariat will review these plans for sustainable financing and the budget, and provide a recommendation to the Board on their appropriateness. The Extraordinary Request will not be subject to a performance-based review unless the Secretariat has pre-existing information to suggest that the approach to care and/or quality of care was inadequate. The frequency and modality for the provision of the Secretariat's recommendations, and the mechanism by which funds are committed to the Extraordinary Requests will be in line with the decision that the Board adopts for the broader Phase 2 decision-making process.
- f. Throughout the process, the Secretariat will actively engage with technical partners to identify mechanisms to ensure continuity of services.

There are no material budgetary implications for this decision point.

Decision Point 2:

1. The Board asks the Secretariat to explore with key partners (including WHO, UNAIDS, the World Bank, bilateral agencies, recipients, non-governmental organizations, and people living with the three diseases) a process that will result in long-term solutions to the issues of continuity of treatment, care and support, and prevention services for HIV/AIDS, tuberculosis, and malaria. The Secretariat should report back to the PMPC on the process before the Tenth Board Meeting. The Secretariat should report back to the Board through the PMPC on potential solutions in time for the Eleventh Board Meeting.

Budgetary implications: The additional cost of implementing this recommendation is estimated at \$90,000.

Decision Point: Quality Assurance of Single- and Limited-source Pharmaceutical Products

The Board decided to extend from December 31, 2004 to April 30, 2005 the transition period during which products that have only been authorized by national drug regulatory authorities (rather than having been found to be acceptable by the UN Pilot Procurement Quality and Sourcing Project or having been authorized for consumption in their country by a stringent regulatory authority, as reported in Board document GF/B4/2, p. 23) are eligible for purchase with Global Fund financing:

1. The Board requests the PMPC to develop options on the quality assurance of single- and limited-source pharmaceutical products and to report to the Tenth Board Meeting.

There are no material budgetary implications for this decision point.

Decision Point: Reprogramming in the light of scientific evidence

Decision Point 1:

The Board decides to use the following language in its decisions for the approval of Category 1 and 2 proposals in order to recognize that the Secretariat may ask the Technical Review Panel to re-review proposals in the course of implementation:

“This approval is subject to re-review by the Technical Review Panel if, after consultation with the recipient but in the sole discretion of the Global Fund, changes in scientific evidence (as identified in collaboration with WHO and other technical partners) materially affect the proposal.”

The Board further decides that following such re-review, should the TRP recommend that, in light of the new scientific evidence, the approach taken in the proposal should be changed, the Board should reconsider the approval of the proposal. The recipient will have the opportunity to submit a revised version of the relevant parts of the proposal prior to the Board's decision.

There are no material budgetary implications for this decision point.

Decision Point 2

The Board expands the circumstances in which the Phase 2 decision-making process can be accelerated by modifying the existing decision on the Phase 2 process, as set forth in GF/B8/2, page 7, to read as follows:

“The decision may be taken earlier in cases of (i) accelerated implementation; (ii) severe exchange rate fluctuations; or (iii) additional financing needs resulting from changes in scientific evidence.”

Changes recommended by the TRP for these reasons should not substantively affect the goals, objectives, or strategy of the approved proposal. Any modifications to the proposals that are made in the light of changing scientific evidence that substantively modify the goals, objectives, or strategy of the proposal must be referred back to the Board for approval.

There are no material budgetary implications for this decision point.

Agenda Item 14: Executive Director Performance Plan

1. The Chair gave the floor to the Private Sector delegate to introduce Paul McMahon, a consultant from McKinsey, to present a performance measurement system designed for the Executive Director. The consultant reviewed the system, showing the links to short- and long-term objectives and with Secretariat performance. Performance would be judged by five Board members, with the first assessment coming at the end of 2006.

2. The Executive Director was then given the floor to comment on the proposed key performance indicators (KPIs). He noted that it was essential to have the KPIs publicly available on the website for transparency and accountability; that the establishment of his KPIs would help him to establish KPIs for all staff, a process that was underway; that he and senior Secretariat staff had been involved in the creation of the KPIs; and that he believed that holding the Executive Director accountable showed that the Global Fund was not “business as usual”.

3. A delegate said that there were also responsibilities shared by donors to raise money and recipients to ensure that programs were effectively implemented. The delegate also noted that the performance plan was a package for both the Executive Director and the Board and that there would need to be a review of the Board as well.

4. Delegates thanked the Executive Director, the Private Sector delegation and the McKinsey team for their hard work. One delegate observed that the Board had only requested a system for the Executive Director and not for the entire Board. This was echoed by other delegates.

5. While it was agreed that this system of performance evaluation would make the Global Fund a model for others, one delegate expressed concern that “Results and Impact” had the same level as “Innovation”, saying that since the final goal was to achieve excellent results, its value in performance evaluation should be greater than 20 percent. A request that the Executive Director and the Private Sector delegation review this issue was put forth.

6. One delegate said that Executive Director and Board performance should be distinguished and several indicated that public health goals should be considered in measuring performance. It was also observed that not much had been said about the role of the performance committee. The Private Sector delegate responded that if the KPIs were achieved, public health goals would be achieved. The Executive Director added that they had taken into account targets such as gender, nationalities and people living with the diseases.

7. Delegates expressed support for the indicators however several delegates agreed that the percentage value of results should be modified.

Decision Points:

1. The Board adopts the proposed methodology for measuring the Executive Director’s performance:
 - Assessment of Executive Director against two dimensions (Key Performance Indicators and competencies);
 - Adoption of best practice “balanced scorecard” approach to define Executive Director Key Performance Indicators;
 - Use of a system that can be used consistently at all levels of the Secretariat to measure performance, and integrated into other key processes such as talent development, strategic planning and budgeting.
2. The Board approves the proposed 14 Key Performance Indicators for the Executive Director and associated 2005 targets (see page 10 of Annex 1 to GF/B9/15).
3. The Board approves the competency model and associated behaviors that will be used to assess how the Executive Director has achieved targets (see page 12 of Annex 1 to GF/B9/15).
4. The Board agrees to the timing and process for annual evaluation of Executive Director performance:
 - KPIs and targets proposed by Executive Director and approved by Board before start of year;
 - Assessment of competencies led by external evaluator (professional assessment firm);
 - Final report on Executive Director performance prepared by a small Performance Assessment Committee (consisting of Board members) in January-February of each year.
5. The Board agrees to the adoption of five key Board objectives, metrics and targets for which it has responsibility (related to results and impact, mobilizing resources, supporting country-level implementation, deciding on long-term strategy and providing best practice governance), and agrees to an annual self-evaluation against these targets (see page 19 of Annex 1 to GF/B9/15, for details).

There are no material budgetary implications for decision points 1-5

Agenda Item 15: Trustee Report

1. The Chair introduced the representative of the Trustee to give a presentation on investment portfolios available. The representative presented the characteristics of the current investment portfolio, which takes a conservative, low-risk approach, and then gave various alternative investment options and their associated risk levels, as requested by the Board at its Eighth Board Meeting in June 2004. She reminded the Board that higher risks can bring higher returns but also higher losses.
2. The delegates thanked the Trustee's representative for her presentation. The Chair and Executive Director asked a number of questions about the current assets invested with the Trustee, the type of investment portfolio it represented and the possibility of a customized investment portfolio.
3. One delegate stated that the Global Fund needed higher returns on its investment and that given the amount invested, this should be possible. Another delegate suggested that the Monitoring, Evaluation Finance and Audit Committee of the Board work with the Trustee to study the options and bring them back to the Board at its Tenth Meeting in April 2005, with the goal being greatest possible return at lowest risk.

Agenda Item 16: Budget 2005-2007; Operational Implications of Offering Grants in Euros and Dollars

1. The Chair of the MEFA Committee was given the floor to introduce the budget for 2005-2007. She stated that the budget as presented was a consensus document and was the result of careful examination of strategic priorities and detailed work plans as well as the desire for an efficient Secretariat. The Chief Financial Officer of the Secretariat then gave some details of the budget as proposed.
2. One delegate praised the budget, the achievement of consensus by the Committee and the multi-year format. Another delegate agreed and added that the proposed increase in staff numbers was acceptable given the anticipated increase in operations activity.
3. The delegate from the USA suggested to the Executive Director that it would be important to provide resources to fund the assistant to the next Chair, as this had been an invaluable function during the tenure of the present Chair but an expense borne to date by the USA. He identified the new office of an independent inspectorate as a positive addition to the budget. He also requested an update from the Secretariat on the hiring of 29 additional staff members approved earlier in the year. The Secretariat's Chief Administrative Officer responded, confirming that 21 out of 29 positions had been filled with the rest on track to be filled by the end of the year.
4. Delegates thanked the Secretariat and MEFA for their work on the budget and supported the praise for the new office of an auditor or inspector. A delegate suggested that funding the new Chair's assistant was something that MEFA could look at and present to the Board in April 2005. This was agreed upon by unanimous consent.
5. The budget for 2005-2007 was adopted.
6. The MEFA Chair then introduced a proposal to offer grants in euros as well as dollars, acknowledging that this would cost money but these costs should be integrated into the

costs of the Round. She also spoke about the importance of risk management policies. She then called on the delegate from West and Central Africa to address their concerns regarding excluding Phase 2 grants from Rounds 1 to 4 from the option of switching to euros.

7. The delegate representing West and Central Africa thanked the MEFA Chair and her committee and explained that 12 countries to date had experienced a loss of approximately 20 percent of the value of their grants because of the imbalance between the dollar and euro. To avoid this, the delegate suggested that Phase 2 renewals should be done in euros for those countries whose currencies are linked to the euro.
8. Some delegates expressed concern that the Board did not yet have enough information on the risks and costs of a dual currency system.
9. Several delegates expressed their support for extending the option of euro grants to upcoming Phase 2 applicants. The Trustee indicated that there were no technical limitations to operating in multiple currencies but she observed that policies and guidelines would be necessary when dealing with multiple currencies for promissory notes from donors as well as dual currencies for grants. She noted the urgency of these policies for managing promissory notes due to the upcoming Replenishment Conference.
10. A delegate recommended that the Secretariat be asked to analyse and quantify the risk of the dual currency system and then proposed that no grants be issued in any currency other than the US dollar until policies on risk management had been adopted by the Board. The Executive Director observed that he would be signing grant agreements for Phase 2 in the coming months without any policies or guidelines on the use of a different currency.
11. The motion was adopted without the amendment to halt the signing of euro grants until policies were in place. The Chair thanked the MEFA Chair and Committee.

Decision Points: Budget

1. The Board approves the 2005 Secretariat Budget and associated Secretariat staffing as attached in Annex 6 to the report of the October 12 – 13 MEFA meeting (GF/B9/8) and as informed by that report.
2. The Board decides that the approval of costs associated with new Rounds will be treated by the Board as an integral part of the decision to launch the relevant Round.
3. The Board takes note that the additional budgetary costs associated with Round 5 in the amount of US\$ 4.5 million are excluded from the base 2005 budget and are highlighted separately.

Decision Point: Phase 2 Commitments for 2005

1. The Board approves a maximum amount of US \$1,310 million for Phase 2 commitments in 2005, as detailed in "Forecast of Resources Available in 2005" (GF/B9/12).

Decision Points: Offering Grants in Dollars and Euros

Decision Point 1:

1. The choice of currency will apply to new proposals submitted after 1 January 2005 and Phase 2 renewals. Specifically:

- Grants approved in Rounds 1 through 4 which have not been signed by 1 January 2005 will continue to be denominated in USD (i.e., the currency choice for new proposals applies from Round 5 onwards).
 - Phase 2 renewals may be requested in either USD or EUR. The Phase 2 amount will be computed in the original currency of the proposal. If a change of currency is requested, the Phase 2 amount shall be converted to the chosen currency using the rate of exchange published by the International Monetary Fund on the day when the renewal recommendation is sent to the Board for approval.
2. The currency choice must be made at the time of submission of the Proposal or Phase 2 renewal request. Specifically, the applicant cannot change the chosen currency at any time after that (including during implementation).

Budgetary Implications:

The operational implications of implementing the dual currency grant option in tandem with a potentially greater use of promissory notes in various currencies as described and recommended will necessitate additional finance personnel at the Secretariat and/or additional services from the Trustee for both the set-up phase and ongoing implementation. Provisional costing would allow for one additional P4/P5 staff member or outsourced consultant (approximate cost \$165,000 per year) plus Trustee costs to be determined, arising partially in 2005.

Decision Point 2:

1. The Board requests the Secretariat to analyze and quantify the risks of implementing the dual currency decision, and the costs associated with managing those risks. This analysis should result in a set of policies and guidance to the trustee on how to mitigate and manage those risks. These policies will be referred to the MEFA Committee prior to presentation at the Tenth Board Meeting.

Agenda Item 17: Board Calendar 2005

1. The Chair called upon the Secretariat's Manager of Board Relations, Ms Dianne Stewart, to present the Board Calendar for 2005. The Manager of Board Relations said that the Secretariat had received two proposals to host the 2005 Board meeting outside Geneva: one from Mexico and one from Morocco.
2. Delegates representing Latin America and the Caribbean and the Eastern Mediterranean region gave presentations on their respective merits as meeting locations. Rather than calling a vote, the Chair suggested that the two delegates meet privately to discuss the issue and come to an agreement. After some consultation, the delegates reported that they had agreed that Morocco would host the 2005 meeting in December and Latin America and the Caribbean would host a 2006 meeting. The 2005 calendar was adopted.

Decision Points:

1. The Board approves the Board Calendar for 2005 as attached.
2. The Board accepts with gratitude the offer from Sweden to host the 1st Replenishment Conference in Stockholm.
3. The Board accepts with gratitude the offer from the United Kingdom to host the 2nd Replenishment Conference.

4. The Board accepts the invitation of Morocco to host the Twelfth Board meeting, and Latin America and the Caribbean to host a Board Meeting in 2006.

Agenda Item 18: Closure

1. The Chair thanked the Board for their hard work and cooperation. A delegation asked for unanimous consent to wish the Chair a happy birthday, to great applause. The Chair asked for a motion to adjourn the meeting, which was adopted.